APPENDIX I

CONSTITUTION

U.S. Const. Amend. V

No person shall be held to answer for a capital, or otherwise infamous crime, unless on a presentment or indictment of a Grand Jury, except in cases arising in the land or naval forces, or in the Militia, when in actual service in time of War or public danger; nor shall any person be subject for the same offense to be twice put in jeopardy of life or limb; nor shall be compelled in any criminal case to be a witness against himself, nor be deprived of life, liberty, or property, without due process of law; nor shall private property be taken for public use, without just compensation.

STATUTES

5 U.S.C. 554

(a) This section applies, according to the provisions thereof, in every case of adjudication required by statute to be determined on the record after opportunity for an agency hearing, except to the extent that there is involved—

(1) a matter subject to a subsequent trial of the law and the facts de novo in a court;

(2) the selection or tenure of an employee, except a hearing examiner appointed under section 3105 of this title;

(3) proceedings in which decisions rest solely on inspections, tests, or elections;

(4) the conduct of military or foreign affairs functions;

(5) cases in which an agency is acting as an agent for a court; or

(6) the certification of worker representatives.

(b) Persons entitled to notice of an agency hearing shall be timely informed of—

(1) the time, place, and nature of the hearing;

(2) the legal authority and jurisdiction under which the hearing is to be held; and

(3) the matters of fact and law asserted.

When private persons are the moving parties, other parties to the proceeding shall give prompt notice of issues controverted in fact or law; and in other instances agencies may by rule require responsive pleading. In fixing the time and place for hearings, due regard shall be had for the convenience and necessity of the parties or their representatives.

(c) The agency shall give all interested parties opportunity for—

(1) the submission and consideration of facts, arguments, offers of settlement, or proposals of adjustment when time, the nature of the proceeding, and the public interest permit; and

(2) to the extent that the parties are unable so to determine a controversy by consent, hearing and decision on notice and in accordance with sections 556 and 557 of this title.

(d) The employee who presides at the reception of evidence pursuant to section 556 of this title shall make the recommended decision or initial decision required by section 557 of this title, unless he becomes unavailable to the agency. Except to the extent required for the disposition of ex parte matters as authorized by law, such an employee may not—

(1) consult a person or party on a fact in issue, unless on notice and opportunity for all parties to participate; or

(2) be responsible to or subject to the supervision or direction of an employee or agent engaged in the performance of investigative or prosecuting functions for an agency.

An employee or agent engaged in the performance of investigative or porsecuting functions for an agency in a case may not, in that or a factually related case, participate or advise in the decision, recommended decision, or agency review pursuant to section 557 of this title, except as witness or counsel in public proceedings. This subsection does not apply—

(A) in determining applications for initial licenses;

(B) to proceedings involving the validity or application of rates, facilities, or practices of public utilities or carriers; or

(C) to the agency or a member or members of the body comprising the agency.

(e) The agency, with like effect as in the case of other orders, and in its sound discretion, may issue a declaratory order to terminate a controversy or remove uncertainty.

5 U.S.C. 556

(a) This section applies, according to the provisions thereof, to hearings required by section 553 or 554 of this title to be conducted in accordance with this section.

(b) There shall preside at the taking of evidence—

(1) the agency;

(2) one or more members of the body which comprises the agency; or

(3) one or more hearing examiners appointed under section 3105 of this title.

This subchapter does not supersede the conduct of specified classes of proceedings, in whole or in part, by or before boards or other employees specially provided for by or designated under statute. The functions of presiding employees and of employees participating in decisions in accordance with section 557 of this title shall be conducted in an impartial manner. A presiding or participating employee may at any time disqualify himself. On the filing in good faith of a timely and sufficient affidavit of personal bias or other disqualification of a presiding or participating employee, the agency shall determine the matter as a part of the record and decision in the case.

(c) Subject to published rules of the agency and within its powers, employees presiding at hearings may—

(1) administer oaths and affirmations;

(2) issue subpoenas authorized by law;

(3) rule on offers of proof and receive relevant evidence;

(4) take depositions or have depositions taken when the ends of justice would be served;

(5) regulate the course of the hearing;

(6) hold conferences for the settlement or simplification of the issues by consent of the parties;

(7) dispose of procedural requests or similar matters;

(8) make or recommend decisions in accordance with section 557 of this title; and

(9) take other action authorized by agency rule consistent with this subchapter.

(d) Except as otherwise provided by statute, the proponent of a rule or order has the burden of proof. Any oral or documentary evidence may be received, but the

agency as a matter of policy shall provide for the exclusion of irrelevant, immaterial, or unduly repetitious evidence. A sanction may not be imposed or rule or order issued except on consideration of the whole record or those parts thereof cited by a party and supported by and in accordance with the reliable, probative, and substantial evidence. A party is entitled to present his case or defense by oral or documentary evidence, to submit rebuttal evidence, and to conduct such cross-examination as may be required for a full and true disclosure of the facts. In rule making or determining claims for money or benefits or applications for initial licenses an agency may, when a party will not be prejudiced thereby, adopt procedures for the submission of all or part of the evidence in written form.

(e) The transcript of testimony and exhibits, together with all papers and requests filed in the proceeding, constitutes the exclusive record for decision in accordance with section 557 of this title and, on payment of lawfully prescribed costs, shall be made available to the parties. When an agency decision rests on official notice of a material fact not appearing in the evidence in the record, a party is entitled, on timely request, to an opportunity to show the contrary.

5 U.S.C. 557

(a) This section applies, according to the provisions thereof, when a hearing is required to be conducted in accordance with section 556 of this title.

(b) When the agency did not preside at the reception of the evidence, the presiding employee or, in cases not subject to section 554(d) of this title, an employee qualified to preside at hearings pursuant to section 556 of this title, shall initially decide the case unless the agency requires, either in specific cases or by general rule, the entire record to be certified to it for decision. When the presiding employee makes an initial decision, that decision then becomes

the decision of the agency without further proceedings unless there is an appeal to, or review on motion of, the agency within time provided by rule. On appeal from or review of the initial decision, the agency has all the powers which it would have in making the initial decision except as it may limit the issues on notice or by rule. When the agency makes the decision without having presided at the reception of the evidence, the presiding employee or an employee qualified to preside at hearings pursuant to section 556 of this title shall first recommend a decision, except that in rule making or determining applications for initial licenses—

(1) instead thereof the agency may issue a tentative decision or one of its responsible employees may recommend a decision; or

(2) this procedure may be omitted in a case in which the agency finds on the record that due and timely execution of its functions imperatively and unavoidably so requires.

(c) Before a recommended, initial, or tentative decision, or a decision on agency review of the decision of subordinate employees, the parties are entitled to a reasonable opportunity to submit for the consideration of the employees participating in the decisions—

(1) proposed findings and conclusions; or

(2) exceptions to the decisions or recommended decisions of subordinate employees or to tentative agency decisions; and

(3) supporting reasons for the exceptions or proposed findings or conclusions.

The record shall show the ruling on each finding, conclusion, or exception presented. All decisions, including initial, recommended, and tentative decisions, are a part of the record and shall include a statement of—

(A) findings and conclusions, and the reasons or basis therefor, on all the material issues of fact, law, or discretion presented on the record; and

(B) the appropriate rule, order, sanction, relief, or denial thereof.

5 U.S.C. 704

Agency action made reviewable by statute and final agency action for which there is no other adequate remedy in a court are subject to judicial review. A preliminary, procedural, or intermediate agency action or ruling not directly reviewable is subject to review on the review of the final agency action. Except as otherwise expressly required by statute, agency action otherwise final is final for the purposes of this section whether or not there has been presented or determined an application for a declaratory order, for any form of reconsideration, or, unless the agency otherwise requires by rule and provides that the action meanwhile is inoperative, for an appeal to superior agency authority.

5 U.S.C. 706

To the extent necessary to decision and when presented, the reviewing court shall decide all relevant questions of law, interpret constitutional and statutory provisions, and determine the meaning or applicability of the terms of an agency action. The reviewing court shall—

(1) compel agency action unlawfully withheld or unreasonably delayed; and

(2) hold unlawful and set aside agency action, findings, and conclusions found to be—

(A) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with law;

(B) contrary to constitutional right, power, privilege, or immunity;

(C) in excess of statutory jurisdiction, authority, or limitations, or short of statutory right;

(D) without observance of procedure required by law;

(E) unsupported by substantial evidence in a case subject to sections 556 and 557 of this title or otherwise reviewed on the record of an agency hearing provided by statute; or

(F) unwarranted by the facts to the extent that the facts are subject to trial de novo by the reviewing court.

In making the foregoing determinations, the court shall review the whole record or those parts of it cited by a party, and due account shall be taken of the rule of prejudicial error.

JUDICIAL CODE

28 U.S.C. 1253

Except as otherwise provided by law, any party may appeal to the Supreme Court from an order granting or denying, after notice and hearing, an interlocutory or permanent injunction in any civil action, suit or proceeding required by any Act of Congress to be heard and determined by a district court of three judges.

28 U.S.C. 1336(a)

(a) Except as otherwise provided by Act of Congress, the district courts shall have jurisdiction of any civil action to enforce, enjoin, set aside, annul or suspend, in whole or in part, any order of the Interstate Commerce Commission.

28 U.S.C. 1398(a)

(a) Except as otherwise provided by law, any civil action to enforce, suspend or set aside in whole or in part an

order of the Interstate Commerce Commission shall be brought only in the judicial district wherein is the residence or principal office of any of the parties bringing such action.

28 U.S.C. 2101(b)

(b) Any other direct appeal to the Supreme Court which is authorized by law, from a decision of a district court in any civil action, suit or proceedings, shall be taken within thirty days from the judgment, order or decree, appealed from, if interlocutory, and within sixty days if final.

28 U.S.C. 2284

In any action or proceeding required by Act of Congress to be heard and determined by a district court of three judges the composition and procedure of the court, except as otherwise provided by law, shall be as follows:

(1) The district judge to whom the application for injunction or other relief is presented shall constitute one member of such court. On the filing of the application, he shall immediately notify the chief judge of the circuit, who shall designate two other judges, at least one of whom shall be a circuit judge. Such judges shall serve as members of the court to hear and determine the action or proceeding.

(2) If the action involves the enforcement, operation or execution of State statutes or State administrative orders, at least five days' notice of the hearing shall be given to the governor and attorney general of the State.

If the action involves the enforcement, operation or execution of an Act of Congress or an order of any department or agency of the United States, at least five days' notice of the hearing shall be given to the Attorney General of the United States, to the United States attorney for the district, and to such other persons as may be defendants.

Such notice shall be given by registered mail or by certified mail by the clerk and shall be complete on the mailing thereof.

(3) In any such case in which an application for an interlocutory injunction is made, the district judge to whom the application is made may, at any time, grant a temporary restraining order to prevent irreparable damage. The order, unless previously revoked by the district judge, shall remain in force only until the hearing and determination by the full court. It shall contain a specific finding, based upon evidence submitted to such judge and identified by reference thereto, that specified irreparable damage will result if the order is not granted.

(4) In any such case the application shall be given precedence and assigned for a hearing at the earliest practicable day. Two judges must concur in granting the application.

(5) Any one of the three judges of the court may perform all functions, conduct all proceedings except the trial, and enter all orders required or permitted by the rules of civil procedure. A single judge shall not appoint a master or order a reference, or hear and determine any application for an interlocutory injunction or motion to vacate the same, or dismiss the action, or enter a summary or final judgment. The action of a single judge shall be reviewable by the full court at any time before final hearing.

A district court of three judges shall, before final hearing, stay any action pending therein to enjoin, suspend or restrain the enforcement or execution of a State statute or order thereunder, whenever it appears that a State court of competent jurisdiction has stayed proceedings under such statute or order pending the determination in such State court of an action to enforce the same. If the action in the State court is not prosecuted diligently and in good faith, the district court of three judges may vacate its stay after hearing upon ten days notice served upon the attorney general of the State.

28 U.S.C. 2321

The procedure in the district courts in actions to enforce, suspend, enjoin, annul or set aside in whole or in part any order of the Interstate Commerce Commission other than for the payment of money or the collection of fines, penalties and forfeitures, shall be as provided in this chapter.

The orders, writs, and process of the district courts may, in the cases specified in this section and in the cases and proceedings under sections 20, 23, and 43 of Title 49, run, be served, and be returnable anywhere in the United States.

28 U.S.C. 2322

All actions specified in section 2321 of this title shall be brought by or against the United States.

28 U.S.C. 2323

The Attorney General shall represent the Government in the actions specified in section 2321 of this title and in actions under sections 20, 23, and 43 of Title 49, in the district courts, and in the Supreme Court of the United States upon appeal from the district courts.

The Interstate Commerce Commission and any party or parties in interest to the proceeding before the Commission, in which an order or requirement is made, may appear as parties of their own motion and as of right, and be represented by their counsel, in any action involving the validity of such order or requirement or any part thereof, and the interest of such party.

Communities, associations, corporations, firms, and individuals interested in the controversy or question before the Commission, or in any action commenced under the aforesaid sections may intervene in said action at any time after commencement thereof.

The Attorney General shall not dispose of or discontinue said action or proceeding over the objection of such

party or intervenor, who may prosecute, defend, or continue said action or proceeding unaffected by the action or nonaction of the Attorney General therein.

28 U.S.C. 2324

The pendency of an action to enjoin, set aside, annul, or suspend any order of the Interstate Commerce Commission shall not of itself stay or suspend the operation of the order, but the court may restrain or suspend, in whole or in part, the operation of the order pending the final hearing and determination of the action.

28 U.S.C. 2325

An interlocutory or permanent injunction restraining the enforcement, operation or execution, in whole or in part, of any order of the Interstate Commerce Commission shall not be granted unless the application therefor is heard and determined by a district court of three judges under section 2284 of this title.

INTERSTATE COMMERCE ACT

Section 5(1), 49 U.S.C. 5(1)

(1) Except upon specific approval by order of the Commission as in this section provided, and except as provided in paragraph (16) of section 1 of this title, it shall be unlawful for any common carrier subject to this chapter, chapter 8, or chapter 12 of this title to enter into any contract, agreement, or combination with any other such common carrier or carriers for the pooling or division of traffic, or of service, or of gross or net earnings, or of any portion thereof; and in any case of an unlawful agreement for the pooling or division of traffic, service, or earnings as aforesaid each day of its continuance shall be a separate offense: *Provided,* That whenever the Commission is of opinion, after hearing upon application of any such carrier or carriers or upon its own initiative, that the pooling or division,

to the extent indicated by the Commission, of their traffic, service, or gross or net earnings, or of any portion thereof, will be in the interest of better service to the public or of economy in operation, and will not unduly restrain competition, the Commission shall by order approve and authorize, if assented to by all the carriers involved, such pooling or division, under such rules and regulations, and for such consideration as between such carriers and upon such terms and conditions, as shall be found by the Commission to be just and reasonable in the premises: *Provided further,* That any contract, agreement, or combination to which any common carrier by water subject to chapter 12 of this title is a party, relating to the pooling or division of traffic, service, or earnings, or any portion thereof, lawfully existing on September 18, 1940, if filed with the Commission within six months after such date, shall continue to be lawful except to the extent that the Commission, after hearing upon application or upon its own initiative, may find and by order declare that such contract, agreement, or combination is not in the interest of better service to the public or of economy in operation, or that it will unduly restrain competition.

Section 5(2), 49 U.S.C. 5(2)

(2) (a) It shall be lawful, with the approval and authorization of the Commission, as provided in subdivision (b) of this paragraph—

(i) for two or more carriers to consolidate or merge their properties or franchises, or any part thereof, into one corporation for the ownership, management, and operation of the properties theretofore in separate ownership; or for any carrier, or two or more carriers jointly, to purchase, lease, or contract to operate the properties, or any part thereof, of another; or for any carrier, or two or more carriers jointly, to acquire control of another through ownership of its stock or otherwise; or for a person which is not a car-

rier to acquire control of two or more carriers through ownership of their stock or otherwise; or for a person which is not a carrier and which has control of one or more carriers to acquire control of another carrier through ownership of its stock or otherwise; or

(ii) for a carrier by railroad to acquire trackage rights over, or joint ownership in or joint use of, any railroad line or lines owned or operated by any other such carrier, and terminals incidental thereto.

(b) Whenever a transaction is proposed under subdivision (a) of this paragraph, the carrier or carriers or person seeking authority therefor shall present an application to the Commission, and thereupon the Commission shall notify the Governor of each State in which any part of the properties of the carriers involved in the proposed transaction is situated, and also such carriers and the applicant or applicants (and, in case carriers by motor vehicle are involved, the persons specified in section 305(e) of this title), and shall afford reasonable opportunity for interested parties to be heard. If the Commission shall consider it necessary in order to determine whether the findings specified below may properly be made, it shall set said application for public hearing; and a public hearing shall be held in all cases where carriers by railroad are involved unless the Commission determines that a public hearing is not necessary in the public interest. If the Commission finds that, subject to such terms and conditions and such modifications as it shall find to be just and reasonable, the proposed transaction is within the scope of subdivision (a) of this paragraph and will be consistent with the public interest, it shall enter an order approving and authorizing such transaction, upon the terms and conditions, and with the modifications, so found to be just and reasonable: *Provided,* That if a carrier by railroad subject to this chapter, or any person which is controlled by such a carrier, or affiliated therewith within the meaning of paragraph (6)

of this section, is an applicant in the case of any such proposed transaction involving a motor carrier, the Commission shall not enter such an order unless it finds that the transaction proposed will be consistent with the public interest and will enable such carrier to use service by motor vehicle to public advantage in its operations and will not unduly restrain competition.

(c) In passing upon any proposed transaction under the provisions of this paragraph, the Commission shall give weight to the following considerations, among others: (1) The effect of the proposed transaction upon adequate transportation service to the public; (2) the effect upon the public interest of the inclusion, or failure to include, other railroads in the territory involved in the proposed transaction; (3) the total fixed charges resulting from the proposed transaction; and (4) the interest of the carrier employees affected.

(d) The Commission shall have authority in the case of a proposed transaction under this paragraph involving a railroad or railroads, as a prerequisite to its approval of the proposed transaction, to require, upon equitable terms, the inclusion of another railroad or other railroads in the territory involved, upon petition by such railroad or railroads requesting such inclusion, and upon a finding that such inclusion is consistent with the public interest.

(e) No transaction which contemplates a guaranty or assumption of payment of dividends or of fixed charges, shall be approved by the Commission under this paragraph except upon a specific finding by the Commission that such guaranty or assumption is not inconsistent with the public interest. No transaction shall be approved under this paragraph which will result in an increase of total fixed charges, except upon a specific finding by the Commission that such increase would not be contrary to public interest.

(f) As a condition of its approval, under this paragraph, of any transaction involving a carrier or carriers by rail-

road subject to the provisions of this chapter, the Commission shall require a fair and equitable arrangement to protect the interests of the railroad employees affected. In its order of approval the Commission shall include terms and conditions providing that during the period of four years from the effective date of such order such transaction will not result in employees of the carrier or carriers by railroad affected by such order being in a worse position with respect to their employment, except that the protection afforded to any employee pursuant to this sentence shall not be required to continue for a longer period, following the effective date of such order, than the period during which such employee was in the employ of such carrier or carriers prior to the effective date of such order. Notwithstanding any other provisions of this chapter and chapters 8 and 12 of this title, an agreement pertaining to the protection of the interests of said employees may hereafter be entered into by any carrier or carriers by railroad and the duly authorized representative or representatives of its or their employees.

Section 5(11), 49 U.S.C. 5(11)

(11) The authority conferred by this section shall be exclusive and plenary, and any carrier or corporation participating in or resulting from any transaction approved by the Commission thereunder, shall have full power (with the assent, in the case of a purchase and sale, a lease, a corporate consolidation, or a corporate merger, of a majority, unless a different vote is required under applicable State law, in which case the number so required shall assent, of the votes of the holders of the shares entitled to vote of the capital stock of such corporation at a regular meeting of such stockholders, the notice of such meeting to include such purpose, or at a special meeting thereof called for such purpose) to carry such transaction into effect and to own and operate any properties and exercise any control or franchises acquired through said transaction without in-

voking any approval under State authority; and any carriers or other corporations, and their officers and employees and any other persons, participating in a transaction approved or authorized under the provisions of this section shall be and they are relieved from the operation of the antitrust laws and of all other restraints, limitations, and prohibitions of law, Federal, State, or municipal, insofar as may be necessary to enable them to carry into effect the transaction so approved or provided for in accordance with the terms and conditions, if any, imposed by the Commission, and to hold, maintain, and operate any properties and exercise any control or franchises acquired through such transaction. Nothing in this section shall be construed to create or provide for the creation, directly or indirectly, of a Federal corporation, but any power granted by this section to any carrier or other corporation shall be deemed to be in addition to and in modification of its powers under its corporate charter or under the laws of any State.

APPENDIX II

SCHEDULE 1

NET INCOME COMPARISON

Per Share of Common Stock

	Northern Pacific Railway (a) (5,989,529 shares)			Great Northern Railway (b) (6,079,662 shares)
	Reported Net Income (c)	Natural Resources Net Income Only (d)	Reported Net Income Less Natural Resources Net Income	Reported Net Income (e)
1957	$4.03	$0.69	$3.34	$4.88
1958	4.38	0.80	3.58	5.24
1959	4.64	1.12	3.52	5.03
1960	3.22	1.03	2.19	3.53
1961	(e) 2.93	(f) 0.99	1.94	(e) 3.33
Average of latest:				
5 years		0.92	2.91	4.40
3 years		1.05	2.55	3.96
2 years		1.01	2.06	3.43

(a) Application to Commission, page 61.

(b) Application to Commission, page 60.

(c) Includes proportionate interest in net income of Burlington and Spokane, Portland and Seattle for both companies and of the Pacific Coast for the Great Northern, but excluding dividends paid by Burlington to each such companies, net of income tax effect (Applicants' Exhibit 26, pages 13-14).

(d) Natural resources net income from Applicants' Exhibit 26, page 10, divided by 5,989,529 shares.

(e) Derived from net income figures reported in 1961 annual reports of Northern Pacific, Great Northern and Burlington (Applicants' Exhibits 135, 136, 137).

(f) $5,913,216 (Tr. 9898) divided by 5,989,529 shares.

APPENDIX II

SCHEDULE 2

STOCK RATIOS CALCULATED ON BASIS OF FOLLOWING RATES OF CAPITALIZATION OF NET INCOME PER SHARE:

1 — Transportation Net Income at Fifteen Times Earnings. (a)

2 — Northern Pacific Natural Resources Net Income at Fifty Times Earnings. (b)

Average of latest:	Col. I Northern Pacific Transportation Net Income (c)	Col. II Col. I Times Fifteen	Col. III Northern Pacific Natural Resources Net Income (d)	Col. IV Col. III Times Fifty	Col. V (Sum of Cols. II and IV) Total Northern Pacific	Col. VI Great Northern Net Income (e)	Col. VII Col. VI Times Fifteen	Col. VIII Shares of New Company To Be Received for Each Share of Northern Pacific (Col. V divided by Col. VII) (f)
5-year Average	$2.91	$43.65	$0.92	$46.00	$89.65	$4.40	$66.00	1.358
3-year Average	2.55	38.25	1.05	52.50	90.75	3.96	59.40	1.528
2-year Average	2.06	30.90	1.01	50.50	81.40	3.43	51.45	1.582
1961 Net Income	1.94	29.10	0.99	49.50	78.60	3.33	49.95	1.573

(a) Tr. 10022
(b) Tr. 10000-1
(c) Schedule 1 hereof
(d) Schedule 1 hereof
(e) Schedule 1 hereof
(f) Assumes one (1) share of new company common stock (and no preferred stock) to be received for each share of Great Northern.

APPENDIX II

SCHEDULE 3

STOCK RATIOS CALCULATED ON BASIS OF FOLLOWING RATES OF CAPITALIZATION OF NET INCOME PER SHARE:

1 — Transportation Net Income at Fifteen Times Earnings. (a)

2 — Northern Pacific Natural Resources Net Income at Twenty-two and a Half Times Earnings. (b)

Average of latest:	Col. I Northern Pacific Transportation Net Income (c)	Col. II Col. I Times Fifteen	Col. III Northern Pacific Natural Resources Net Income (d)	Col. IV Col. III Times 22½	Col. V (Sum of Cols. II and IV) Total Northern Pacific	Col. VI Great Northern Net Income (e)	Col. VII Col. VI Times Fifteen	Col. VIII Shares of New Company To Be Received for Each Share of Northern Pacific (Col. V divided by Col. VII) (f)
5-year Average	$2.91	$43.65	$0.92	$20.70	$64.35	$4.40	$66.00	0.975
3-year Average	2.55	38.25	1.05	23.62	61.87	3.96	59.40	1.042
2-year Average	2.06	30.90	1.01	22.72	53.62	3.43	51.45	1.042
1961 Net Income	1.94	29.10	0.99	22.27	51.37	3.33	49.95	1.028

(a) Tr. 10022
(b) Tr. 2572, 2574-5 (15 x 1.5 = 22.5)
(c) Schedule 1 hereof
(d) Schedule 1 hereof
(e) Schedule 1 hereof
(f) Assumes one (1) share of new company common stock (and no preferred stock) to be received for each share of Great Northern.

(f) Assumes one (1) share of new company common stock (and no preferred stock) to be received for each share of Great Northern.

APPENDIX II

SCHEDULE 4

STOCK RATIO CALCULATIONS BASED ON:

1 — Transportation Net Income at Fifteen Times Earnings. (a)

2 — Northern Pacific Natural Resources Properties Valued at Appraisal Valuations Totalling $169,994,457. (b)

Average of latest:	Col. I Northern Pacific Railroad Net Income (c)	Col. II Col. I Times Fifteen	Col. III Appraisal Valuations of Northern Pacific Natural Resources (b)	Col. IV Col. III Divided by 5,989,529 Shares	Col. V Total Northern Pacific (Col. II Plus Col. IV)	Col. VI Great Northern Net Income (d)	Col. VII Col. VI Times Fifteen	Col. VIII Ratio Northern Pacific to Great Northern (Col. V divided by Col. VII) (e)
5-year Average	$2.91	$43.65	$169,994,457	$28.38	$72.03	$4.40	$66.00	1.09
3-year Average	2.55	38.25	169,994,457	28.38	66.63	3.96	59.40	1.12
2-year Average	2.06	30.90	169,994,247	28.38	59.28	3.43	51.45	1.15
1961 Only	1.94	29.10	169,994,457	28.38	57.48	3.33	49.95	1.15

(a) Tr. 10022

(b) Summary from Com. Ex. 32, page 19, with industrial properties of $32,700,000 subtracted (Tr. 1418, 1054)

(c) Schedule 1 hereof

(d) Schedule 1 hereof

(e) Assumes one (1) share of new company common stock (and no preferred stock) to be received for each share of Great Northern.

Appendix III

Northern Pacific Stockholders' Protective Committee's Proposed Condition

1. If the consolidation is authorized and before the consolidation of the railroad properties of the applicants is consummated, a new land company shall be organized to buy from Northern Pacific Railway Company all its natural resources properties except its leased and unleased industrial lands and buildings.

2. The stockholders of Northern Pacific Railway Company shall be given the opportunity, by negotiable subscription rights issued to them pro rata, to subscribe to all the stock of said new company.

3. The purchase price therefor shall be $112,309,430 or such higher price, not in excess of $117,000,000, as the Interstate Commerce Commission shall determine to be just and reasonable, all cash.

4. All of the real estate taxes, insurance and other items, if any, usually connected with real estate closings, shall be adjusted and apportioned as of the date of the passing of title thereto.

5. All expenses of sale, as well as any Federal or State income or other taxes including any capital gains taxes resulting therefrom, shall be paid by Northern Pacific Railway Company.

6. All expenses connected with the organization of the new company or with the issuance and underwriting of its stock shall be paid by the new company.

APPENDIX IV

Summary of Net Income From Railway Company Operations of Great Northern and Northern Pacific (in Conformity With I.C.C. Accounting Rules)

	Great Northern (a)	Northern Pacific (a)	Excess of Great Northern over Northern Pacific
1952	$27,704,659	$15,821,166	$11,883,493
1953	29,942,607	15,539,178	14,403,429
1954	25,441,459	14,358,045	11,083,414
1955	32,063,925	19,143,618	12,920,307
1956	32,239,468	20,983,445	11,256,023
1957	26,643,515	21,126,050	5,517,465
1958	27,577,798	22,011,976	5,565,822
1959	26,558,273	23,781,165	2,777,558
1960	20,723,214	18,547,194	2,176,020
1961	18,632,420	16,313,322	2,319,098
1962	25,018,986	20,300,535	4,718,451
1963	29,273,689	24,592,470	4,681,219
1964	28,866,329	23,500,657	5,365,672
1965	36,909,825	28,032,787	8,877,038
1966	36,547,109	30,673,591	5,873,518
1967	19,323,461	23,455,765	(—) 4,132,304
1968	21,800,053	25,184,816	(—) 3,384,763
1969 (b)	179,791	1,551,868	(—) 1,372,077

(a) Net income for years 1952-1960, inclusive from Applicants' Ex. 26, p. 13;

Net income for years 1961-1963, inclusive from Annual Reports to Stockholders;

Net income for years 1964-1967, inclusive from Supplement to Proxy Statement of Northern Pacific dated February 15, 1968, issued for Special Meeting of Stockholders held on March 14, 1968, pp. 9 and 15;

Net income for year 1968 from Annual Reports to Stockholders;

Net income 1969 first quarter ending 3/31/69 from Moody's Investors Service, Inc.—Transportation dated May 2, 1969, pp. 1674-5.

(b) First quarter ending 3/31/69.

APPENDIX V

Gross Revenues From Natural Resources Properties of Northern Pacific (a)

Year	Timber	Oil and Gas	Other Minerals	Total
1952	$ 851,253	$ 781,374	$ 511,449	$ 2,144,076
1953	615,771	987,017	599,160	2,201,948
1954	1,023,063	1,327,019	1,023,711	3,373,793
1955	1,400,000	1,686,153	1,001,885	4,088,038
1956	1,914,538	3,209,362	1,224,277	6,348,177
1957	1,343,951	6,004,294	1,326,927	8,675,172
1958	2,036,313	7,074,439	752,639	9,863,391
1959	3,950,927	7,618,894	519,881	12,089,702
1960	3,584,685	7,387,183	517,457	11,489,325
1961	3,254,821	7,382,519	387,824	11,025,164
1962	3,241,852	7,964,182	423,669	11,629,703
1963	4,236,562	*8,397,525	530,908	*13,164,995
1964	4,051,473	7,258,818	351,244	11,661,535
1965	4,441,748	6,707,395	517,630	11,666,773
1966	4,536,610	6,917,595	647,733	12,101,938
1967	5,009,258	8,430,103	1,032,292	14,471,6[illegible]
1968	6,344,000	8,390,000	948,000	15,682,000

* For the year 1963 gross revenues from oil and gas of $8,397,525 are for 13 months instead of the usual 12 months because of a change of accounting method adopted in that year.

(a) Figures for 1952-1960 inclusive from Applicants' Ex. 26, page 10.

Figures for 1961-1967 inclusive from Supplement to Proxy Statement dated February 15, 1968, issued for Special Meeting of Stockholders of Northern Pacific held on March 14, 1968.

Figures for 1968 supplied by Northern Pacific management at its Annual Meeting held on April 24, 1969.

(Appendix V Continued)

Estimated Net Income, Without Certain Charges and After Income Taxes, From Natural Resources Properties of Northern Pacific (a)

Year	Timber	Oil and Gas	Other Minerals	Total
1956	$1,183,141	$1,481,226	$724,332	$3,388,699
1957	733,911	2,561,010	809,173	4,104,094
1958	1,246,185	3,095,478	424,617	4,766,280
1959	2,670,577	3,814,752	249,116	6,734,445
1960	2,386,843	3,552,375	241,264	6,180,482
1961	2,224,120	3,643,558	45,538	5,913,216
1962	2,103,553	3,495,971	189,960	5,789,484
1963	2,800,834	*4,279,839	257,054	*7,337,727
1964	2,689,525	3,489,087	159,025	6,337,637
1965	2,852,805	3,186,342	276,089	6,315,236
1966	2,885,158	3,183,939	365,446	6,434,543
1967	3,267,781	4,102,263	687,115	8,057,159
1968	3,803,000	3,588,000	559,000	7,950,000

*For the year 1963 net income from oil and gas of $4,279,839 is for 13 months instead of the usual 12 months because of a change of accounting method adopted in that year.

(a) Figures for 1956-1960 inclusive from Applicants' Ex. 26, p. 10.

Figures for 1961-1967 inclusive from Supplement to Proxy Statement dated February 15, 1968 issued for Special Meeting of Stockholders of Northern Pacific held on March 14, 1968.

Figures for 1968 supplied by Northern Pacific management at its Annual Meeting held on April 24, 1969.

APPENDIX VI

Dividend Payments as a Percentage of Net Income (a)

	Northern Pacific	Great Northern
1947	18.5%	41.3%
1948	30.2	39.3
1949	38.2	66.1
1950	12.7	38.4
1951	38.8	51.6
1952	47.0	43.9
1953	47.9	40.7
1954	51.8	50.0
1955	40.8	44.5
1956	45.0	49.4
1957	46.1	68.5
1958	47.5	66.2
1959	51.6	68.9
1960	71.0	88.3
1961	80.8	97.9
1962	69.4	72.8
1963	57.4	62.4
1964	64.1	63.4
1965	52.7	49.9
1966	51.2	50.5
1967	66.8	95.6
1968	61.7	84.7
Averages of above percentages:		
22 years—1947-1968	49.6	60.7
5 years—1964-1968	59.3	68.8

(a) Figures for years 1947-1956 inclusive Tr. 2554-5.

Figures for years for 1957 computed from Applicants' Ex. 26, pp. 13 and 14.

Figures for years 1958-1960 inclusive computed from Applicants' Ex 26, pp. F-4, F-5, F-10 and F-11.

Figures for 1961-1968 inclusive computed from Northern Pacific and Great Northern Annual Reports to Stockholders.

APPENDIX VII

SCHEDULE 1

NET INCOME COMPARISON

Per Share of Common Stock

	Northern Pacific Railway			Great Northern Railway
	Reported Net Income (a)	Natural Resources Net Income Only (b)	Reported Net Income Less Natural Resources Net Income	Reported Net Income (a)
1964	$4.78	$1.06	$3.72	$5.67
1965	5.27	1.05	4.22	6.81
1966	6.51	1.07	5.44	7.36
1967	4.01	1.35	2.66	3.39
1968	4.69	1.33	3.36	4.08
Average of latest:				
5 years		1.17	3.88	5.46
3 years		1.25	3.82	4.94
2 years		1.34	3.01	3.73

(a) Includes equity in the earnings of Burlington and Spokane, Portland and Seattle computed on basis of number of shares outstanding at end of each calendar year as follows:

	Northern Pacific	Great Northern
1964	6,066,660	6,126,627
1965	6,016,190	6,139,957
1966	6,019,836	6,152,652
1967	5,988,884	6,155,662
1968	5,974,552	6,160,527

(Annual Reports of Northern Pacific and Great Northern to stockholders for such years)

(b) Estimated total net income from natural resources properties shown in App. V divided by number of shares outstanding at end of each calendar year.

APPENDIX VII

SCHEDULE 2

STOCK RATIOS CALCULATED ON BASIS OF FOLLOWING RATES OF CAPITALIZATION OF NET INCOME PER SHARE:

1 — Transportation Net Income at Fifteen Times Earnings. (a)

2 — Northern Pacific Natural Resources Net Income at Fifty Times Earnings. (b)

Average of latest:	Col. I Northern Pacific Transportation Net Income (c)	Col. II Col. I Times Fifteen	Col. III Northern Pacific Natural Resources Net Income (d)	Col. IV Col. III Times Fifty	Col. V (Sum of Cols. II and IV) Total Northern Pacific	Col. VI Great Northern Net Income (e)	Col. VII Col. VI Times Fifteen	Col. VIII Shares of New Company to be Received for each share of Northern Pacific (Col. V divided by Col. VII) (f)
5-year average	$3.88	$58.20	$1.17	$58.50	$116.70	$5.46	$81.90	1.425
3-year average	3.82	57.30	1.25	62.50	119.80	4.94	74.10	1.617
2-year average	3.01	45.15	1.34	67.00	112.15	3.73	55.95	2.004
1968 Net Income	3.36	50.40	1.33	66.50	116.90	4.08	61.20	1.910

(a) Tr. 10022

(b) Tr. 10000-1

(c) Schedule 1 hereof. Transportation income includes income from 100% owned subsidiary companies.

(d) Schedule 1 hereof.

(e) Schedule 1 hereof.

(f) Assumes one (1) share of new company common stock (and no preferred stock) to be received for each share of Great Northern

APPENDIX VII

SCHEDULE 3

(e) Schedule 1 hereof.

(f) Assumes one (1) share of new company common stock (and no preferred stock) to be received for each share of Great Northern.

SCHEDULE 3

STOCK RATIOS CALCULATED ON BASIS OF FOLLOWING RATES OF CAPITALIZATION OF NET INCOME PER SHARE:

1 — Transportation Net Income at Fifteen Times Earnings. (a)

2 — Northern Pacific Natural Resources Net Income at Twenty-two and a Half Times Earnings. (b)

Average of latest:	Col. I Northern Pacific Transportation Net Income (c)	Col. II Col. I Times Fifteen	Col. III Northern Pacific Natural Resources Net Income (d)	Col. IV Col. III Times 22½	Col. V (Sum of Cols. II and IV) Total Northern Pacific	Col. VI Great Northern Net Income (e)	Col. VII Col. VI Times Fifteen	Col. VIII Shares of New Company to be Received for each Share of Northern Pacific (Col. V divided by Col. VII) (f)
5-year average	$3.88	$58.20	$1.17	$26.33	$84.53	$5.46	$81.90	1.032
3-year average	3.82	57.30	1.25	28.13	85.43	4.94	74.10	1.153
2-year average	3.01	45.15	1.34	30.15	75.30	3.73	55.95	1.346
1968	3.36	50.40	1.33	29.93	80.33	4.08	61.20	1.313

(a) Tr. 10022

(b) Tr. 2572, 2574-5 (15 x 1.5 = 22.5)

(c) Schedule 1 hereof. Transportation income includes income from 100% owned subsidiary companies.

(d) Schedule 1 hereof.

(e) Schedule 1 hereof.

(f) Assumes one (1) share of new company common stock (and no preferred stock) to be received for each share of Great Northern.

APPENDIX VII

SCHEDULE 4

STOCK RATIO CALCULATIONS BASED ON:

1 — Transportation Net Income at Fifteen Times Earnings. (a)

2 — Northern Pacific Natural Resources Properties Valued at Appraisal Valuations Totalling $169,994,457. (b)

Average of latest:	Col. I Northern Pacific Railroad Net Income (c)	Col. II Col. I Times Fifteen	Col. III Appraisal Valuations of Northern Pacific Natural Resources (b)	Col. IV Col. III Divided by 5,974,552 shares as of 12/31/68	Col. V Total Northern Pacific (Col. II Plus Col. IV)	Col. VI Great Northern Net Income (d)	Col. VII Col. VI Times Fifteen	Col. VIII Ratio Northern Pacific to Great Northern (Col. V divided by Col. VII) (e)
5-year average	$3.88	$58.20	$169,994,457	$28.45	$86.65	$5.46	$81.90	1.06
3-year average	3.82	57.30	169,994,457	28.45	85.75	4.94	74.10	1.16
2-year average	3.01	45.15	169,994,457	28.45	73.60	3.73	55.95	1.32
1968	3.36	50.40	169,994,457	28.45	78.85	4.08	61.20	1.29

(a) Tr. 10022

(b) Summary from Committee Ex. 32, p. 19, with industrial properties of $32,700,000 subtracted (Tr. 1418, 1054).

(c) Schedule 1 hereof. Transportation income includes income from 100% owned subsidiary companies.

(d) Schedule 1 hereof.

(e) Assumes one (1) share of new company common stock (and no preferred stock) to be received for each share of Great Northern